

RD AN No. 4132 (1980-E and 4287-B)
December 23, 2005

SUBJECT: Business and Industry Guaranteed Loan Program
Comptroller General's Opinion

TO: State Directors, Rural Development

ATTN: Business Programs Directors

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide guidance to State Offices concerning the Comptroller General's opinion.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 4021, dated November 18, 2004, and expired on November 30, 2005.

IMPLEMENTATION RESPONSIBILITIES:

Included within the parameters of delegated authority is the ability to release personal guarantees or other collateral. You are reminded, however, that in 19 Comp Gen 48, the Comptroller General has stated that "Government officers are not authorized to modify the terms of a contract by a supplemental or substitute agreement if such modification is prejudicial to the interest of the United States, nor to give away the money, property, or any claim of the Government."

Therefore, the Agency will only modify loan covenants, release personal and corporate guarantees or other collateral, or subordinate its collateral positions provided the loan remains adequately secured and then after requiring and receiving new additional consideration. This concept encompasses some new benefit to the Agency either in the form of money, additional security, or some other benefit to the goals and objectives of the Agency.

EXPIRATION DATE:
December 31, 2006

FILING INSTRUCTIONS:
Preceding Instructions 1980-E and 4287-B

If you have any questions, please contact the Business and Industry Division Servicing Branch,
(202) 690-4103.

(Signed by Peter J. Thomas)

PETER J. THOMAS
Administrator
Business and Cooperative Programs